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SUBJECT: ENGAGING THE EU ON THE MIDDLE EAST IN 2005

Classified By: CHARGE P. MICHAEL MCKINLEY; Reasons 1.4 (B,D)

Summary

1. (C) The Middle East remains a nexus of friction between the United States and the European Union. Since 9/11, these differences have affected our ability to work together on Iraq, nuclear proliferation in Iran, Middle East Peace, and the promotion of broader reform in the region. The irony is that on each of these four issues, the EU largely shares our vision of the desired end state: an independent Palestine at peace with Israel; a stable, democratic Iraq; a non-nuclear Iran; and a Middle East region pursuing political and economic reform.

2. (C) This common ground has enabled us to coordinate successfully our policies in the region, but only on a case-by-case basis and with considerable effort on our part. All too often, we are disappointed to find Europe pursuing policies in the region that diverge from, conflict with, or undermine our approach. These difficulties, however, should not obscure the changes in the landscape. The Europeans are coming to realize, for example, that their eighteen months of engagement with Iran have at best won a window of respite from the tough decisions ahead regarding Iran's nuclear ambitions and its unhelpful role on terrorism and transition in Iraq. With Arafat's death, there are also new signs of realism within the EU on how best to engage, and indications they are hearing us about not rushing to final status discussions. On Iraq, while it is unlikely there will be a consensus EU decision to be more forthcoming before January elections are concluded, they are looking more actively at steps they can take to be helpful (the Paris Club debt forgiveness being the most striking example to date). The EU, while sensitive on protecting its investment in the Barcelona process, is also supporting the Forum for the Future. Finally, the EU remains a significant player on the resource front, providing over \$1 billion a year in assistance to the region. The fact remains that when we are able to bring the EU along on policy, its resources and political capital can act as force-multipliers for us. This cable examines what recent experience indicates we can and cannot expect the EU to do with us in the Middle East in the coming months. End Summary.

Iraq: What the EU is doing

3. (C) The transatlantic differences that emerged over the U.S. intervention in Iraq also deeply divided the EU, and revealed in stark contrast the shortcomings of Europe's efforts to forge a common foreign policy. The EU's inability to forge a consensus on use of force in Iraq was seen in Brussels as a humiliating chapter never to be repeated. Nevertheless, the EU's External Relations Commissioner Chris Patten and its High Representative for Foreign and Security Policy Javier Solana determined by the spring of 2003 that a stable, democratic Iraq was in the EU's security interest, and began quietly to work with member states to build a consensus to fund Iraq's reconstruction.

4. (C) They have been remarkably successful. In the summer of 2003, Patten committed the Commission to provide 200 million euros for 2004 -- equal to its contributions in Afghanistan -- and at the Madrid donors' conference EU member states added another \$1.2 billion to this total. The Commission is proposing another 200 million euros for 2005 as well. Similarly, the Commission has consistently expressed strong support -- in public statements and with assistance money -- for the January 2006 Presidential elections. Commission spokeswoman Emma Udwin has made clear that the EC is not expecting "perfect" elections, but that the EC will make every effort to lend international legitimacy to the vote.

5. (C) Solana persuaded EU member states to welcome the Interim Iraqi Government, and invited Prime Minister Allawi to meet with EU Foreign Ministers in October. When the UN launched an appeal for funding for security forces to protect an expanded UN presence in Iraq, the EU quickly expressed its commitment to help. When the Commission lawyers concluded that for legal reasons it could not fund military operations,

the Dutch EU Presidency took on the burden of soliciting bilateral pledges from member states, receiving a total of some \$12 million. The next hurdle was how to transfer the funding, leading to protracted discussions with a UN reluctant to establish a trust fund for that purpose. (The UN has now done so, although new problems have arisen regarding delays in withdrawals from the fund.)

16. (C) The Europeans are looking at other ways that the EU can help support a successful outcome in Iraq that all their 25 member states can support. The Paris Club agreement on Iraqi debt forgiveness was a major step. They have also committed themselves to support police and rule of law training. And the Commission is preparing the ground for setting up a mission inside Iraq after the elections if the security situation allows it. As follow-up to the recent Senior Level Consultative Group (SLCG) meeting with the EU, there was a recognized need for closer consultations with the US on how to engage on Iraq reconstruction.

Iraq: What the EU won't do in Iraq

17. (C) As the EU has sought creative ways to support a stable and democratic Iraq, it has consistently staked out what for it constitute -- at least for now -- "redlines." The EU cannot, for example, be expected to take any steps that members like France or Germany would interpret as legitimizing the use of force ex post facto. Not only does this mean no EU boots on the ground in Iraq (as distinct from troops supplied by individual EU member states, it means that until an elected government is in office and the U.S. has a firm departure date for the bulk of its troops, every appeal we make to the EU for additional assistance will be suspected -- by some -- as an effort by the U.S. to obtain back-door endorsement for our intervention. The EU's second consistent "redline" is that the Commission will not put staff inside Iraq until the security situation is stabilized. Thus, the EU has declined to deploy election observers inside Iraq. Instead, it will mount a remote monitoring mission in Amman. Similarly, the Commission has held back on opening an office in Baghdad, coordinating its assistance from Amman instead.

Peace Process: what the EU is doing

18. (C) The EU's Javier Solana has consistently stated that Middle East Peace is his and the EU's highest foreign policy priority (the Balkans is his other area of focus). This issue remains very much at the forefront of every Commissioner working foreign affairs, and is a central concern in European Council meetings as well. In part, this is due to the strong sense of priority EU member states collectively attach to this issue -- Solana's job, after all, is to look for areas where it is possible to forge common policies, and the Middle East fits the bill.

19. (C) The EU has put its money where its mouth is. They have been a major donor to the Palestinian Authority, and were heavily engaged in sustaining the reform agenda in the PA -- a crucial factor in establishing and sustaining effective Palestinian governance. Following Arafat's death, the EU has focused on supporting Presidential elections in January, and on the steps Israel should take to facilitate the vote. The EU is also intensely interested in providing observers for the election, in response to a request from the PA, and consistent with EU support during the 1996 elections.

110. (C) More importantly, and after pressure from the United States, and after initial skepticism regarding Israel's Gaza disengagement plan, the EU is now firmly on board working with other donors to support a successful withdrawal. The tactical shift is noticeable elsewhere. When EU frustration with the lack of progress on the roadmap surged in the months prior to Arafat's death, Spain's FM Moratinos (former EU envoy to the peace process) and Germany's Fischer indicated they wanted to see a more active EU policy or would consider taking independent initiatives. In reaction, Solana prepared a blueprint for renewed EU engagement. The purpose, in the words of one EU official, was to reign in Spain and Germany and ensure that the EU maintained the integrity of Quartet coordination.

111. (C) In each of these instances outlined above, the EU, and Solana in particular, has been prepared to coordinate its actions with the U.S. The indications are that they view the proposed January 9 elections in the Palestinian territories as an opportunity to reengage in the peace process in a meaningful fashion, and seem receptive to our pitch on step-by-step application of the Roadmap, with a focus on elections, security, Gaza withdrawal, and the emergence of effective democratic Palestinian institutions before moving to final status questions. As we move into 2005, however, we will need to be wary of European freelancing; PM Blair's proposal for an international conference on the Middle East in particular will likely gain momentum as the UK takes over both the G-8 and EU presidencies next year.

Peace Process: What the EU won't do

12. (C) The tactical shift cannot mask the fact that the EU does not share the U.S. view of the conflict in key respects, and even Solana has not been content with what he perceives to be an assigned secondary role within the Quartet. The EU looks to the U.S. to use its influence on Israel to kick-start implementation of the Roadmap, and has been deeply disappointed by the lack of progress these past four years. In EU minds, the asymmetric capabilities of the two parties confer different responsibilities on each. The EU believes that Israel, with all the power of a state, bears the burden for taking the initiative to make peace. Europeans see Israel's occupation of Palestinian territory -- and continued settlement expansion -- adding a legal and moral justification to their views. As a result, the EU holds Israel to a higher standard than it does the Palestinians, and many believe the US is not applying enough pressure on Sharon to moderate Israeli policies. They hold a much harder view on Israel's separation fence, and the implementation of the ICJ decision.

13. (C) At the same time, there is no sense that the EU sees a corresponding obligation on itself, as proponent of the Palestinian cause, to compel the PA to take real steps to curb terrorist violence. Instead, EU officials talk of the "limited capacity" of the PA, given Israeli actions against PA security forces and its tight grip on the territories. The main result of the position the EU has taken has been the loss of credibility with Israel as a potential mediator. Neither the EU's expectation that Israel should take the first conciliatory step, nor its readiness to explain the PA's inability to do so (or even to respond), are likely to change. This does not mean the EU cannot be a constructive partner, but it does mean that we will always need to devote a certain amount of effort to keeping the EU on the reservation, and limiting the potential damage it can unintentionally cause merely by restating its perspective on the conflict.

Iran: Engagement vs. Isolation

14. (C) The EU and the U.S. have common ground: we share the conviction that Iran is pursuing a nuclear weapons program, we have both stated publicly a nuclear Iran is unacceptable, and we have successfully kept Iran's nuclear program in the public spotlight. But, where we conclude that Iran will only respond to pressure and isolation, the EU is firmly committed to a policy of engagement.

15. (C) In part, the EU pursues engagement so persistently because, lacking a military capability, it has no other viable alternative, as a senior EU official has admitted. When engagement fails, as it has for the EU with Iran during the past two years, the EU response is to offer "more engagement." Hence the EU-3's recent initiative to provide sufficient "carrots" to entice Tehran to suspend uranium enrichment. We view this as rewarding Iran for complying with commitments it has made and breached. The EU sees it as an unfortunate but necessary compromise to keep open Iran's remaining channel for dialogue with the West, in the hope that the EU can influence the "reform" element inside Iran.

16. (C) In this situation, our best ally in changing the EU view over time will probably prove to be Iran's own duplicity. Sharing information that indicates Iran's response to the EU-3 is a tactical ploy, and not a strategic decision to forego pursuit of nuclear weapons, can help the EU draw its own conclusions about the ineffectiveness of engagement in this instance. Whether the Europeans can be convinced to adopt tougher stances in the future is another question, but as Iranian intransigence becomes ever more obvious, it may be possible to move the EU away from blocking international sanctions in the future.

Broader Middle East: Reluctant Ally with Deep Pockets

17. (C) After initial hesitation, The U.S. and EU are now on the same track; our respective missions in the region are meeting to identify areas where we can work in parallel to promote political, economic and social reform in the region. Since early spring 2004, officials of EuroMed and the US Middle East Partnership Initiative have been pursuing a senior-level consultative process to improve information sharing and coordination of our respective reform efforts. We each provide about \$1 billion annually to the region, and both the EU and U.S. have recently reviewed their assistance programs with an eye to making aid more conditional on progress on reform. This linkage is explicit in the EU's new European Neighborhood and Partnership Initiative, where negotiated Action Plans provide EU incentives as specific reforms are enacted. Clearly, there is potential for synergies that can help raise the profile of reformers in the region.

18. (C) Getting to this point with the EU, however, has not

been easy. The EU was skeptical of our BME approach from the start. First, the EU questioned our decision to launch the initiative at high-profile G8 and U.S.-EU summits, fearing this would create the perception that we sought to impose reform on the region. Next, the EU insisted that without progress on Middle East Peace, the initiative would appear insincere. Third, given Europe's own historical baggage in the region, the EU was reluctant to have its programs identified with the U.S. at a time when they believe U.S. credibility in the region has fallen to record lows. Fourth, the EU was concerned that we were proposing to create jointly-funded assistance programs, a concept that is a complete non-starter given the EU's complex assistance regulations and long budgeting cycle.

19. (C) Finally, the EU was sensitive to having a U.S. initiative overshadow its ten-year efforts under the Barcelona Process to build relations and promote change with its Mediterranean partners. In fact, the U.S. initiative opened a fresh wound among EU member states, who are privately divided over the effectiveness of the Barcelona Process. Northern European countries view the program as completely ineffective; southern members see good value in a program that has bought stability and good relations with North Africa. Only recently, the EU has grudgingly begun to acknowledge that, in contrast to the EU's Barcelona Process, the BME initiative has actually succeeded in putting the issue of reform front and center on the region's political agenda.

20. (C) The Forum for the Future may indeed provide the launch of a new phase in US-EU cooperation on reform in the Middle East. As we look beyond Rabat, keeping our sights focused on how we and the EU together can most effectively advance reforms, including by letting the EU take the lead on issues or in countries where it has a comparative advantage, will be critical to keeping the EU engaged with us.

Comment

21. (C) In recent meetings by high-level officials in Brussels, the message from the new Commission is one of realistic engagement. They will have to deal with the realities of national politics in member states, some of them with strong alternative agendas in the Middle East. That said, there seems to be an opportunity for a revitalized dialogue with the EU that can become more operational in areas of key concern to the United States as the harsh and complex realities of the post 9/11 world sink in at new levels in Europe. EU endorsement offers a legitimacy to U.S. initiatives in the region that no other country or institution can match. When the U.S. and EU speak with a single voice, countries in the region will listen. When the U.S. and the EU are divided, it is easy to play us off against each other and avoid taking the tough decisions needed for the region's long term stability and prosperity.

MCKINLEY